



The Public Service Commission State of South Carolina

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December 17, 2020

NOTICE REGARDING PUBLIC UTILITY REGULATORY FINANCE CONCEPTS EDUCATIONAL SEMINAR

Please take notice that an educational seminar by the National Regulatory Research Institute (NRRI) regarding Public Utility Regulatory Finance Concepts will be held on **Wednesday, December 30, 2020 at 9:30 a.m. to 2:00 p.m.** in the Commission's Hearing Room.

The training is available to the public via the Commission's Livestream at <https://www.scetv.org/live/public-service-commission>.

The Agenda for the Training is attached.

Introduction to Finance

Presented by NRRI to the South Carolina Public Service Commission

December 30, 2020

Outline

- I. Utility Finance and the regulatory compact
 - a. The regulatory compact
 - i. Obligations
 - ii. How utilities make money
 - b. Supreme Court precedent
 - c. The fundamental rule of ratemaking and the cost of money
- II. The role of debt v. equity
 - a. Differential treatment in the revenue requirement
 - i. Tax implications
 - b. Optimal mix of debt and equity
- III. Factors affecting the cost of money
 - a. Utility ratings
 - b. Prudence disallowance
 - c. Decoupling
 - d. Formula ratemaking
 - e. Securitization
- IV. Estimating the cost of equity
 - a. Overview of different methods
 - b. Information requirements of different methods